

**Opening Remarks - Gottlieb**

**Cost Trend Hearings – 2013**

Good morning –I’m Dr. Gary Gottlieb, CEO of Partners HealthCare.

Thank you so much for the opportunity to participate today.

Our patients and the quality of their care are our first priorities and we are very serious about our responsibility to ensure that our care is affordable and accessible. Over the past 3 years we have reduced expenses by more than \$300 million. We have renegotiated contracts with the three largest insurers, accepting lower rates than we were promised— giving back almost \$350 million to consumers over four years.

Stable rates in commercial contracts ensure that we can provide essential care to the communities we serve and cover inadequate reimbursements from the state and federal governments. They enable us to provide critical services like behavioral health and rehabilitation that are reimbursed at a fraction of their costs.

We expect ongoing downward pressure on prices as global payment and tiered and limited networks expand, creating incentives for patients and physicians to choose low cost, high quality providers. If we don't offer value, our patients and referring physicians will go elsewhere.

But comparison of prices service by service can be misleading. Total Medical Expense reflects what families, businesses, and governments actually pay for the health care they use. Measurement and comparison of TME reinforces the importance of appropriateness of care and coordination for our patients. If we focus solely on price, we risk commoditizing health care services. This will drive patients to run from one place to another for screening, for a check up, for an x-ray, a consultation or surgery. There will be no one and no incentive to make sure that care and information are coordinated and that patients get only the care they need and get it in the right place at the right time. This will cause care to become more fragmented, reducing quality and increasing expense.

That is why the Affordable Care Act, Chapter 224 and **WE** have embraced strategies that better coordinate care and use TME to compare cost.

Early returns are promising. For 2012, our combined health status adjusted TME trend was -0.7 percent for our risk contracts with the state's three largest insurers – well below the 3.6 percent benchmark. In the first year as a Medicare Pioneer ACO, Partners successfully slowed the rate of growth by more than 2.4 percent as compared with the rest of the nation. We are optimistic that this trend will continue and Partners will be at or below the statewide cost growth benchmark in 2013.

We are doing this— through our work in Population Health Management, an approach to offer coordinated and high-quality care to our patients with a goal of keeping them healthier and out of the hospital. We are transforming all of our primary care practices into Patient-Centered Medical Homes. And, we are focusing on how to provide better care for the most medically complex patients, the 5% of us who consume 50% of costs, through our integrated care management program.

Given our early success, we believe our programs are replicable and scalable. That is why we are excited about the potential opportunity to work more closely with organizations like Hallmark Health and South Shore Hospital, so that we can deliver this care closer to patients' homes – at the same time we will be contributing toward meeting the state's cost growth benchmark. We must be open to new ways in which providers, insurers, and patients collaborate to lower costs and improve quality.

Thank you and I look forward to the discussion.